



HOUSE OF COMMONS  
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CANADA

# **Standing Committee on Justice and Human Rights**

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**EVIDENCE**

**Tuesday, December 3, 2013**

—  
**Chair**

**Mr. Mike Wallace**



## Standing Committee on Justice and Human Rights

Tuesday, December 3, 2013

•(0845)

[English]

**The Chair (Mr. Mike Wallace (Burlington, CPC)):** I'll call to order meeting number eight of the Standing Committee on Justice and Human Rights. Today, per the order of reference of Tuesday, November 5, we are going to start discussing Bill C-10, An Act to amend the Criminal Code (trafficking in contraband tobacco).

However, regarding the estimates we were talking about at the last meeting, we did get a letter back about the office piece, from the person we wanted to hear from. I would like....

Yes, Bob?

**Mr. Bob Dechert (Mississauga—Erindale, CPC):** I was going to move that we accept the estimates. I think it was 1b—

**The Chair:** It's 1b, 5b, 35b, and 50b.

JUSTICE

Department

Vote 1b—Operating expenditures.....\$683,004

Vote 5b—The grants listed in the Estimates and contributions.....\$9,800,000

Office of the Director of Public Prosecutions

Vote 35b—Program expenditures.....\$3,777,349

Supreme Court of Canada

Vote 50b—Program expenditures.....\$118,613

(Votes 1b, 5b, 35b, and 50b agreed to)

**The Chair:** Shall the chair report votes 1b, 5b, 35b, and 50b under Justice to the House?

**Some hon. members:** Agreed.

**The Chair:** Thank you very much.

Thank you, sir, for that short delay.

We have with us from the Department of Justice, Paul Saint-Denis, who is the senior counsel, criminal law policy section.

Mr. Saint-Denis, the floor is yours for up to 10 minutes.

**Mr. Paul Saint-Denis (Senior Counsel, Criminal Law Policy Section, Department of Justice):** Thank you, Mr. Chairman.

I don't really have a long statement. What I just want to say are a few words explaining the legislation.

The bill proposes amendments to the Criminal Code in order to provide for a new offence of trafficking in contraband tobacco. The particular activities that are prohibited include the offer for sale, possession for the purpose of selling, as well as distributing and

transporting of such tobacco. The penalties range according to the following. On indictment the maximum penalty is up to five years' imprisonment, and on summary conviction it's up to six months. However, it does provide for mandatory minimum terms of imprisonment for individuals who have been convicted of this particular offence for the second or subsequent times. For a second conviction it's up to a minimum of 90 days. For a third conviction it's up to 180 days of minimum imprisonment, and then for a fourth or subsequent conviction it's up to two years less a day.

In order to have these penalties imposed on you, there's a requirement that the quantity of tobacco involved be fairly significant. It requires the presence of or the involvement of 10,000 cigarettes or more of contraband tobacco, or 10 kilograms of raw leaf tobacco, or 10 kilograms of any other tobacco product.

The legislation also creates the possibility of the federal prosecution services prosecuting this offence. It does this by amending the definition of attorney general in the Criminal Code so that there will concurrent jurisdiction between the federal prosecution services and the provinces in order to prosecute this offence.

That's all I have to say, sir. I'm more than happy to answer any of your questions.

•(0850)

**The Chair:** Thank you for that succinct opening statement.

Our first questioner from the New Democratic Party is Madame Boivin.

[Translation]

**Ms. Françoise Boivin (Gatineau, NDP):** Thank you, Mr. Chairman.

Mr. Saint-Denis, thank you for being here this morning.

I will begin by wishing Ève Péclet a happy birthday, as she has reached the ripe old age of 25 this morning. It certainly makes the rest of us around this table feel old, but it's all good.

Mr. Saint-Denis, can you briefly talk about the consultations which were held around Bill C-10? The Excise Act, 2001, already contains an offence for that. Can you explain to us the difference between the two provisions? Are they similar? Is there not a risk that it is in conflict with the act? With whom did the department discuss this risk?

**Mr. Paul Saint-Denis:** Thank you, Ms. Boivin.

We consulted people from Revenue Canada, from the Department of Finance, from the Department of Public Security and from the Department of Justice. Our consultations were with government bodies only. We also consulted with the RCMP.

I will now talk about the overlap of the offence contained in the Excise Act of 2001 and the offence contained in Bill C-10. Some activities are similar, including the sale, of course, but this bill does not contain minimum sentences, which are found in the 2001 Excise Tax Act. However, the 2001 Excise Tax Act contains minimum fines for that offence. Under the 2001 Excise Tax Act, only the federal government may prosecute this offence, whereas under Bill C-10, the federal government and the provinces may do so.

That is the gist of it.

**Ms. Françoise Boivin:** Did you also consider the problem of possession? Indeed, the bill only talks about the offer, sale and purchase. Possession is not covered by Bill C-10.

Can you explain this to me?

**Mr. Paul Saint-Denis:** Yes, we did consider the issue of possession. We had been asked to address the situation of trafficking. There is possession for the purpose of trafficking, but in our view, simple possession was not part of the description of what really constitutes trafficking, namely the movement of product from one place to another. Therefore, we excluded the idea of possession.

**Ms. Françoise Boivin:** As for mandatory minimums, they basically apply to cases of recidivism, in a specific context involving quantity. The Crown will have to announce that it intends to prove that there has been recidivism.

Can you explain to us what type of recidivism we are talking about here? Will we have to prove culpability for this offence under the Criminal Code? Is there not a risk that this would be dealt with differently depending on the province a person is in?

In cases of impaired driving, for instance, it has often been the case that the Crown did not prove that it was a repeat offence. This explains why some cases make headlines, for instance when someone had already been arrested six times for impaired driving, and who was yet again caught behind the wheel.

Is there not a risk that this type of thing could also happen here? What really concerns me is the possibility that cases are treated differently depending on where a person is caught, in other words, that there is a double standard.

Does this worry you?

• (0855)

**Mr. Paul Saint-Denis:** Regarding the way the imposition of a minimum sentence is announced, the prosecutor must give notice. In fact, the requirement to give notice is contained in section 727 of the Criminal Code. This covers all cases involving minimum sentences. If a prosecutor intends to ask for a minimum sentence for an accused, the prosecutor must give notice. The prosecutor must also indicate to the court that the notice has been given.

Regarding the type of conviction, it is only limited to this offence. For example, offences committed by an individual which are

covered by the 2001 Excise Act will never count. So that issue is dealt with separately.

Regarding the disparity between the practices of the prosecution from one region to another, you probably know that prosecutors have fairly wide discretion. Generally speaking, this discretion is more or less exercised based on the region you are in. If the problem is much more serious in one region than another, it is possible that more minimum sentences will be imposed. I am not concerned about that. This corresponds fairly well to the usual discretion the prosecution enjoys.

**Ms. Françoise Boivin:** Very well. Thank you.

[English]

**The Chair:** Thank you very much. Thank you for those questions and answers.

Our next questioner, from the Conservative Party, is Mr. Wilks.

**Mr. David Wilks (Kootenay—Columbia, CPC):** Thank you, Mr. Chair.

Thanks for being here, Paul. I have a couple of questions for you.

Under subsection 121.1(1), I wonder if consideration was ever given to including the word “trade”, so it would read, “No person shall sell, offer for sale, transport, deliver”.... The reason for that is that under the CDSA, we have buy, barter, trade, or sell. Trade can mean that if you're at a high enough level, you're not even touching it. I wonder if there was any thought given to that.

**Mr. Paul Saint-Denis:** No, actually, to tell you the truth, we did not consider “trade”. We did consider “brokering” but excluded that. We wanted to focus primarily on the actual movement.

If an individual is trading without having it in their possession and if that individual is high enough up in the hierarchy of the organization, it is possible for that individual to ensure or to organize the trade of that product. But in that case, we probably would be using conspiracy, provided we could obtain the necessary elements to prove it.

**Mr. David Wilks:** I think that from the perspective of a police investigation, it's far easier to prove a trade than it is to prove a conspiracy— way easier.

**Mr. Paul Saint-Denis:** That's probably likely.

Mind you, in the case of a criminal organization offence, there is also the offence of instructing. That may be a little easier to prove than the conspiracy offence. If you can put together sufficient evidence to demonstrate trade, that's very close to the kind of evidence you would need to demonstrate conspiracy.

**Mr. David Wilks:** I clearly understand what you're saying.

From the perspective of a police investigation, trade is far easier to investigate when you're looking at, for argument's sake, someone who is going to trade 10,000 cigarettes for a car. It's easier for the police to establish that than it is to establish the conspiracy chain.

**Mr. Paul Saint-Denis:** That's correct.

If an individual is going to trade 10,000 cigarettes for a car—at first, I would say it would be a very cheap car—but it's likely, then, that the individual would be in possession of the cigarettes. At one point, it seems to me that the individual is going to be in possession of that product, and if that's the case, then we do have possession for the purpose of sale. Ten thousand cigarettes doesn't automatically get you a possession charge.

• (0900)

**Mr. David Wilks:** I used 10,000 because it's that number where I'm sure it would be higher. I know from my previous career—especially in the drug section—that “trade” was used quite often, and it was a way in which we were able to capture both offences. It's something to consider, and I thought it was funny that it was left out.

My second question is with regard to this becoming an offence under the Criminal Code. It's my understanding that under the Excise Act, the RCMP has jurisdiction because they're the federal component, and that a lot of municipal police forces, even some provincial police forces, do not have authority under the Excise Act.

Is this why this was created under the Criminal Code, so that all police forces across Canada would have the ability to lay charges?

**Mr. Paul Saint-Denis:** Yes, it is, in part.

The other issue was that there was a measure of discomfort in placing minimum penalties of imprisonment in the Excise Act. The Excise Act, as you know, is a revenue statute. While it's viewed as being okay to have minimum fines in a revenue statute, there was, as I say, some discomfort in having minimum terms of imprisonment there. Therefore, it was thought best to put it the Criminal Code.

Also, there was a sense that something of a more noticeably criminal nature needed to be attached to trafficking in contraband tobacco. Something like that was better placed in the Criminal Code, where it was clearly and obviously a criminal offence, rather than putting it in the Excise Act, where people would ask, “Well, is it really criminal, is it only fiscal?” That was another part of the reason.

**Mr. David Wilks:** I have one last question for you on the mandatory minimums on hybrid and dual offences. This will become a hybrid offence, but it states that in order for the prosecution to move forward with a mandatory minimum, they must go by indictment. But any previous offence, which could have been summary, could be used as evidence to move forward with the mandatory minimum.

The crown would have to declare, at the beginning of the trial, whether they're going by indictment or summary, is that correct?

**Mr. Paul Saint-Denis:** That is correct.

**Mr. David Wilks:** By deeming that they're going by indictment, that would send the message or send an indication to the accused that a mandatory minimum sentence may be contemplated.

**Mr. Paul Saint-Denis:** It may send the message, but unless there's a clear notice given—

**Mr. David Wilks:** So there has to be notice given.

**Mr. Paul Saint-Denis:** Yes, there has to be notice given.

**Mr. David Wilks:** Thank you very much.

**The Chair:** Thank you for those questions and answers.

Our next questioner, from the Liberal Party, is Mr. McKay.

**Hon. John McKay (Scarborough—Guildwood, Lib.):** Thank you, Chair.

Could an officer, director, or employee of a Canadian cigarette manufacturing company be convicted under this offence?

**Mr. Paul Saint-Denis:** Yes, if he meets the various elements of this offence. If he sells 10,000 unstamped cigarettes, yes.

**Hon. John McKay:** But is the issue of stamping the complete defence for any officer, employee, or director of a Canadian manufacturing company?

**Mr. Paul Saint-Denis:** I don't believe it is, actually. If the cigarette is stamped, this offence would not apply. If the cigarette is stamped it means that the federal excise tax has been paid, but there are provincial taxes that have to apply as well.

Theoretically, it would be possible for an officer or an employee of a cigarette company to sell stamped cigarettes, but in a manner as to avoid provincial sales tax, and so be able to sell cigarettes that are less than the going price. He would be caught by provincial revenue statutes then. But I don't think he would get caught by this—

• (0905)

**Hon. John McKay:** We're basically asked to engage in an exercise in suspended belief about how these cigarettes end up in the hands of criminal organizations, and aboriginal peoples in particular, that somehow or another cigarettes get made here, they get stamped, they get marked for Estonia, and then somehow they fall off the truck, somewhere around Akwesasne or someplace like that.

It strikes me as the wrong end. That's the genesis of the question. In order to have a conspiracy, if you will, you actually have to have two people work together. What's curious to me is how, in what is a clear pattern of criminal activity, the liability seems to end when the product leaves the country in an “otherwise apparently legal transaction”.

**Mr. Paul Saint-Denis:** Are you talking about unstamped tobacco here?

**Hon. John McKay:** That's the issue. The stamping is what basically gives it the imprimatur of legality.

**Mr. Paul Saint-Denis:** Right, but the manufacturing of the unstamped tobacco, which is really the source of the problem this legislation is trying to get at, is largely being done in Canada, and it's not normally for export outside of Canada. It's for consumption within Canada. You have a situation where you have manufacturers of illicit cigarettes. They're manufactured in places like Akwesasne, for instance, and are then shipped to distributors in Ontario and Quebec. They're not stamped. They're not meant to be exported either, they're essentially being sold domestically.

**Hon. John McKay:** So then I go back to my original question. If in fact entity X, through their employees, directors, or officers, is manufacturing unstamped cigarettes, does that mean that they would be caught up in this section?

**Mr. Paul Saint-Denis:** No, because under the Excise Act, there's a licensing regime that will give authorizations for people to—

**Hon. John McKay:** So the licensing regime exempts them from criminal liability?

**Mr. Paul Saint-Denis:** That's correct. If you look at the legislation, subsections 30(2) and 32(2) of the Excise Act, 2001 provides a list of exemptions, so licensees, authorizations, and so on are exempted from the operation of this legislation.

**The Chair:** You have one minute.

**Hon. John McKay:** I just have a question on R. v. Nur, and the slapping down of minimum mandatory sentences. Are you concerned at all that the reasoning in R. v. Nur will actually impact on your desire to impose a minimum mandatory?

**Mr. Paul Saint-Denis:** Well, the courts have handed down mixed decisions in the case of mandatory sentences. It really is something that's almost case by case. You have to look at the minimums being imposed and the activities that risk attracting these kinds of minimums. In the Nur case we're talking about firearms. The imposition of the penalty as far as a court was concerned was unconstitutional, but I think in a parallel case they found that another offence with minimums was constitutional.

So the regime that is set up here provides for a number of factors that need to be present for the minimum to be imposed. We believe that those factors, taken together...and it does mean that it requires at least a previous conviction under this legislation, and a minimum quantity of the contraband product to be present for the minimum to be imposed, and then there's a sliding scale of minima. So you start off with the 90 days, and under the normal circumstances it's quite possible that given the presence of all of these factors, a court would impose something around that penalty.

So I'm fairly confident that we put together a rational structure for a minimum penalty.

● (0910)

**The Chair:** Thank you very much. Thank you for those questions and answers.

Our next questioner, from the Conservative party, is Mr. Brown.

**Mr. Patrick Brown (Barrie, CPC):** I have a few questions. Thank you for your responses so far.

I'm certainly very interested in this. I know that north of our riding we've had a few media reports of contraband tobacco in the Simcoe North area, and so I think it's great that we have some action on this. The bill gives the Attorney General of Canada concurrent jurisdiction with the provincial attorneys-general to prosecute this new offence. Can you elaborate on that and what practical implications that would have?

**Mr. Paul Saint-Denis:** In practical terms, it means that if there had not been a provision allowing for concurrent jurisdictions, only the provinces would be able to prosecute. So you would have either the RCMP or provincial law enforcement laying charges, but only the provinces would be prosecuting.

With concurrent jurisdiction, it does mean that the federal prosecution service will be able to prosecute these offences as well. So practically speaking, it's likely that the RCMP will lay charges and the federal prosecution service will prosecute in many cases, and in other cases, either form of law enforcement will lay a charge and then the provincial prosecutors will prosecute. It really will depend on the area.

**Mr. Patrick Brown:** And do you believe, if it were done otherwise, you would see gaps in enforcement and prosecution?

**Mr. Paul Saint-Denis:** Quite possibly, but we felt it was as important for the Attorney General of Canada to be able to prosecute as well as allowing for the normal situation of the provinces to prosecute.

**Mr. Patrick Brown:** Have there been other cases where it has been done that way?

**Mr. Paul Saint-Denis:** Well, yes, the drug offences, for instance. There's concurrent prosecution there. Our prosecution service prosecutes most of the drug offences, but in Quebec and in parts of New Brunswick, the provincial prosecution prosecutes drug offences. With certain Criminal Code offences, there is concurrent jurisdiction.

You have to remember that all of the offences of the Criminal Code are normally prosecuted by the provinces. That's the norm. So we've created something of an exception here, and there are a few other such exceptions in the code where both the province and the Attorney General of Canada can prosecute. So what we've done is add this particular exception to a small list of offences.

**Mr. Patrick Brown:** Can you elaborate on the summary and indictable offences as they relate to this bill?

**Mr. Paul Saint-Denis:** Essentially, it gives the opportunity for the prosecution to determine whether to prosecute using a process whereby a lesser penalty is available if one prosecutes by way of summary conviction. If the circumstances are serious enough then the prosecutor can choose to go by way of indictment. Practically speaking, the process is more simplified when it's by way of summary conviction. It tends to be a little more complicated by way of an indictment.

**Mr. Patrick Brown:** The other question I wanted to follow up on, and which we touched on a little bit, is where Bill C-10 states that a person "is guilty of an indictable offence and liable to imprisonment for a term of not more than five years and, if the amount of tobacco product is 10,000 cigarettes or 10 kg or more of any other tobacco product, or the amount of raw leaf tobacco is 10 kg or more."

Can you elaborate on why these particular amounts were set?

**Mr. Paul Saint-Denis:** First, it was important for us to have a fairly significant quantity of product to justify a minimum penalty and also to resist a charter challenge. It would have been problematic if someone were selling a single cigarette and was looking at a minimum of 90 days. The courts would have had some serious problems with that.

It was important for us to have a certain quantity. We chose those quantities because they represent what the RCMP tends to focus on as a minimum. If an individual has 10 kilograms of cigarette product or 10,000 cigarettes, this is the kind of quantity that attract RCMP attention. The RCMP will get involved with lesser amounts but prefers to focus their attention on large-scale operations. For them, large-scale operations usually means a master case involving about 10,000 cigarettes. So, 10,000 cigarettes or more is what they'll want to focus on and that was the amount we thought was best.

● (0915)

**Mr. Patrick Brown:** I have one last quick question.

Since you're in the policy section I realize there are a lot of funds involved in contraband tobacco. In your research have you found that the funds associated with contraband tobacco contribute to other forms of crime?

**Mr. Paul Saint-Denis:** We assume that it does to the extent that organized crime is involved. Organized crime usually is not limited exclusively to one very specific activity, particularly in the area of contraband. Often the same contraband routes will be used to smuggle not just tobacco but also drugs or firearms. The money that's made in one area such as contraband tobacco can be used to finance other illicit activities.

Yes, I believe that does happen.

**The Chair:** Thank you for those questions and answers.

Our next questioner is from the New Democratic Party, Madame Péclet.

[*Translation*]

**Ms. Ève Péclet (La Pointe-de-l'Île, NDP):** Thank you, Mr. Chairman.

I would like to thank Mr. Saint-Denis for being here.

My first question has to do with the sentences which have been imposed until now involving contraband tobacco. Can you give us any examples? Are there the beginnings of a jurisprudence by the courts?

**Mr. Paul Saint-Denis:** The jurisprudence varies widely. I believe that the imposition of jail sentences has only recently become more frequent. Up until the last few years, the tendency was more to impose fines. However, often people did not pay their fines, because they did not necessarily have the money to pay them.

I think that over time, the courts saw that there was a problem. The phenomenon of contraband tobacco is growing. Now there is a tendency to impose prison sentences, but they are not very long.

**Ms. Ève Péclet:** So, if you compare mandatory minimums as laid out in the bill and the sentences which courts have until now handed down, what do you expect will happen?

**Mr. Paul Saint-Denis:** In this case, what is proposed by the bill puts us into unknown territory, because we don't know whether federal prosecutors will use the new offence or the former one.

If they use the new offence, we don't know whether they will proceed by summary conviction or on indictment. Therefore, it's a little early to try to predict what the results will be.

However, if you take into account the factors which call for a minimum sentence, I believe that, normally, the courts would have imposed a jail sentence anyway. But I don't know how long that jail sentence would have been.

● (0920)

**Ms. Ève Péclet:** You are surely familiar with the Gladue report.

**Mr. Paul Saint-Denis:** Yes.

**Ms. Ève Péclet:** In fact, I have two small questions about the report.

Do you believe that imposing a minimum mandatory sentence for someone who has reoffended could be in conflict with the report and

its recommendations, in cases where a judge can take other factors into consideration when considering what type of sentence to impose?

**Mr. Paul Saint-Denis:** The Gladue report and the Ipeelee case are both based in part on the existence of certain provisions in the code. At section 718.2, it says that the courts have to take into account the circumstances involving an accused who is aboriginal. However, nowhere does it say that the government cannot make a legislative change to the impact of provision 718.2, as it applies to the aboriginal population.

This is not the first offence which calls for a mandatory minimum sentence. I believe that in this case...

Section 718.2 is a provision which was created by Parliament. Parliament can certainly, at its discretion, amend the intent of section 718.2 by imposing mandatory minimums in certain cases involving certain activities.

Section 718.2 is not an absolute provision. Section 718.2 must be interpreted in light of other provisions which are in the code. Some of these provisions call for mandatory minimums which would have the same repercussions on aboriginals as on other offenders.

Does this risk having a disproportionate effect on aboriginals? I don't know, because I do not know to what extent aboriginals are involved in certain activities related to what we call the trafficking of contraband goods. We know that in some cases, it is clear that aboriginals are involved in the manufacturing of a product. However, are they involved in the distribution of the product which was manufactured? Are they the ones who transfer, transport or distribute these cigarettes? I don't know.

**Ms. Ève Péclet:** I am sorry to interrupt, but you might well know that in its most recent report, the Office of the Correctional Investigator pointed to a disproportionately high rate of aboriginals in prisons. Therefore, we might ask ourselves what the impact of Bill C-10 would be on the incarceration rate of aboriginals, since it calls for imposing mandatory minimums, which might go against the provisions in section 718.2.

**The Chair:** Thank you.

[*English*]

Thank you for those questions and answers.

The next questioner from the Conservative Party is Mr. Dechert.

**Mr. Bob Dechert:** Thank you, Mr. Chair.

Thank you, Mr. Saint-Denis, for your appearance here this morning.

In answer to a question from my colleague Mr. Brown, you elaborated a bit on the constitutional review process that you go through when you're drafting legislation. I wonder if you could elaborate more on what the department did to examine whether or not this legislation would withstand a constitutional challenge. Perhaps you could tell us a little bit about how that works generally within the department in relation to any new legislation that's coming forward.

**Mr. Paul Saint-Denis:** In this case, we're talking about minimum terms of imprisonment. We're aware that the courts have a certain view of mandatory terms of imprisonment. I don't want to say we've had conflicting judgments, but we've had decisions that will give constitutional sanction to certain terms and certain provisions with MMPs provided, and others have been struck down as being disproportionate.

When we're looking at creating a range of MMPs for an offence, either a new offence or an existing offence, we want to make sure that it will not be considered cruel and unusual punishment as set out in section 12 of the charter. We try to set up a system whereby perhaps some factors are attached to the imposition of the MMP. In this case, for instance, there needs to be a minimum quantity of contraband product. There need to be a number of previous offences for which there were convictions. The offence has to be prosecuted by way of indictment. By attaching all of these factors, we try to structure a system that will appear to the courts to be a rational link between the prohibited activities—the aggravating factors—and the imposition of the MMP. We think that in that fashion the courts will be able to examine that and conclude that it's a reasonable and rational approach to this offence.

• (0925)

**Mr. Bob Dechert:** That's very good. The way you've explained it helps us to understand how that review is done. Is this done in every case of new criminal legislation?

**Mr. Paul Saint-Denis:** It's certainly done in every case where an MMP is being contemplated. You may recall that Bill C-10 had, for instance, in the case of drug offences, a number of MMPs dealing with schedule 1 and schedule 2 substances for things like trafficking and so on. For all of those offences, all of these penalties were available but only in the presence of aggravating factors. The use of aggravating factors is something that bolsters the argument that this is a reasonable penalty in light of the presence of the aggravating factors and this particular substance.

That particular legislation has been in force for just under a year now. I'm not aware of any successful charter challenge, but these are still early days, so there may be a successful charter challenge to those penalties. We think the regime and structure we put together was rational and defensible before the courts.

**Mr. Bob Dechert:** Thank you. That's very helpful.

**The Chair:** Thank you, sir.

Thank you for those questions and answers.

The next questioner from the New Democratic Party is Mr. Kellway.

**Mr. Matthew Kellway (Beaches—East York, NDP):** Thank you very much, Mr. Chair. Through you, I would like to thank Mr. Saint-Denis for being with us today.

I was struck by your response to Madame Pécelet's question and your response to the question about the differential impact of this law in certain parts of Canadian society.

I'm going to focus on the first nations piece, because when I read the legislative summary from the Library of Parliament, the first

nations stuff runs throughout the discussion and the analysis and the talk about the Cornwall-Valleyfield territory there.

Your response was, as I understand it, that you don't know if there's going to be a differential impact. Is that correct?

**Mr. Paul Saint-Denis:** I don't know. I'm not sure to what extent there is aboriginal involvement in the trafficking of tobacco. We know there is a lot of manufacturing activity, but manufacturing is not covered by this legislation. Then we're left with some of the prohibited activities such as the transport, for instance. I do not know to what extent—

**Mr. Matthew Kellway:** Here's the follow-up question then. Don't you have an obligation to know? Doesn't the government when making law... Even if it's criminal law, you can put it in the code, but there's a social context for this law. In the absence of consultation, in the absence of that kind of social knowledge, and in the absence of knowledge about how this actual criminal activity works—and I know you can't know it in sufficient detail, or you probably would have put it out of business already—it seems to me that you are taking an enormous risk on the effectiveness of the law and the potential for a significant differential impact on certain constituencies in our society.

Perhaps it's as obvious as forcing police forces to start enforcing this law. You're putting crowns in provinces into a position where they have to deal with mandatory minimums, and how are they going to respond? I'm struck by how you make a law without taking all of that into consideration, because I don't know how you can know the effectiveness of that law in the absence of that consideration and knowledge.

• (0930)

**Mr. Paul Saint-Denis:** I think you're right. It would have been useful to be able to consult broadly outside the government, but this was not the case. We were asked to do a particular job under particular circumstances, and that's what we were left with.

**Mr. Matthew Kellway:** Perhaps in your position you could share with us, in general terms, your thoughts on the potential risks of proceeding in this absence. I don't want to put you on the spot, but in general terms, what are the risks of proceeding in the absence of that kind of consultation and knowledge?

**Mr. Paul Saint-Denis:** Well, I guess the risk is not getting as much information as one can. In that regard, we do try to anticipate the kinds of reactions and problems that may arise and try to tailor our legislation according to what we believe would be problems. That being the case, we put together legislation that we hope will respond to those concerns. At the same time, we're asked to prepare legislation in light of the government's directives, so that's our first and foremost obligation.

**Mr. Matthew Kellway:** I'm just looking at the legislative summary we received from the Library of Parliament. It refers to a Mohawk Council of Akwesasne press release announcing the receipt of a grant from the Government of Ontario to assist in developing a tobacco law and regulatory framework and calling on the federal government to work with them to address tobacco concerns rather than increasing sentences and the enforcement presence around their community. So, it's in that kind of context where you have a province and first nations working—it would appear from that—in a completely contrary direction to this law. I wonder how this then gets received, what police forces do with that, what a community does with that, and what the Government of Ontario does with that in the absence of any consultation and discussion about this.

**Mr. Paul Saint-Denis:** I'm not a hundred per cent convinced that this necessarily is working in contradiction to what's written in that document. You have to remember that under the Excise Act, 2001 there is a regulatory regime that allows for the obtaining of permits and authorizations to manufacture, to possess for the purpose of selling, and so on and so forth. This is all done through the Excise Act and through the Canada Revenue Agency and, I guess, the Department of Finance. But if a group of individuals wish to get involved in the legitimate manufacture, sale, and distribution of a tobacco product, they can work it through that regime.

**The Chair:** Okay. Thank you very much.

**Mr. Paul Saint-Denis:** In the statement you read out, the suggestion was that the government develop a regulatory approach for dealing with this, but there already exists a regulatory approach. It's in the Excise Act.

• (0935)

**The Chair:** Thank you for those questions.

Thanks for those answers.

We have now exhausted our speakers list. Because our next panel has three groups, my suggestion is that we suspend now. If they're all here and we get settled in and ready to go before 9:45, we can get the meeting started. That will give them their full time for their presentations, and it will give us more chances to ask questions—because we only had one panellist today in this first panel, and we're going to three.

With that, merci beaucoup, Monsieur Saint-Denis, for your presentation this morning.

We will suspend for a couple of minutes.

• (0935)

\_\_\_\_\_ (Pause) \_\_\_\_\_

• (0940)

**The Chair:** I'm going to call to order the second half of today's meeting. This is meeting number eight.

Just so committee members know, the clerk has done a fantastic job of lining up witnesses for us from everyone's lists. There was a lot of crossover. We have two full panels for Thursday: two on each side, two in the first half and two in the second. We have full panels for Tuesday. We're waiting to hear from one more group.

It looks as though we will be meeting on Thursday morning. Just so members are aware, there hasn't been any decision about what

Thursday's schedule will look like. But we will be meeting and we will be doing clause by clause. If you have any amendments that you're interested in, please give them to the clerk as soon as possible, preferably by Friday. I know that we have another panel to see, so you can do some things after that. But the sooner, the better, so that we are prepared.

With that, we will go to our next panel. We have, from the National Coalition Against Contraband Tobacco, Gary Grant, spokesperson. From the Ontario Korean Businessmen's Association, we have Don Cha. And from the Coalition québécoise pour le contrôle du tabac, we have Flory Doucas, co-director and spokesperson.

We're going to start with the Coalition québécoise pour le contrôle du tabac.

Thank you very much.

[Translation]

**Mrs. Flory Doucas (Co-Director and Spokesperson, Coalition québécoise pour le contrôle du tabac):** Thank you, Mr. Chairman.

Ladies and gentlemen, members of Parliament, my name is Flory Doucas. I am the co-director and spokesperson for the Coalition québécoise pour le contrôle du tabac. On behalf of the over 460 organizations which form the coalition, I would like to express my gratitude for the opportunity to present the views of my organization today on Bill C-10.

Despite what you may have heard in the media and elsewhere, in reality, less contraband tobacco is being trafficked, and this has been confirmed by several sources, including tobacco multinationals. Year after year, these multinationals, when making presentations to investors, have confirmed the fact that less tobacco is being trafficked in Canada.

I would like to draw your attention to pages 3 and 4 of the brief, which refer to a presentation made in 2012 by Philip Morris International, which owns RBH in Canada. In the PowerPoint presentation made to investors, Philip Morris admits that there was a huge decrease in trafficking between 2007 and 2011 in Canada, and the market share of contraband tobacco fell from 14% to 8%. The presentation also documented this decrease in Quebec and in Ontario, and it mentioned that trafficking fell from over 40% of market share to 15% in Quebec, and just a bit more than that in Ontario. I would ask you to keep in mind that these documents are available online and that they are public documents, but they have not been widely disseminated.

In an even more recent presentation in 2013, British American Tobacco, the mother company of Imperial Tobacco, pointed to the fact that trafficking levels have remained stable—"flat" is the word that was used—between the winter of 2012 and 2013. This is not surprising. Understand that in Quebec alone, the Government of Quebec invests nearly \$18 million per year in the fight against trafficking by implementing several programs and measures.

Yet despite these findings and despite tobacco manufacturers' own declarations, groups purporting to represent retailers, such as the Canadian Association of Food Retailers and the National Coalition Against Contraband Tobacco, almost always systematically omit to acknowledge the substantial decline of contraband levels in Ontario and Quebec which have occurred in the last few years.

On page 6 of my brief, it says that Mr. Grand, as recently as last August, was quoted by the *Edmonton Sun* as saying that the contraband problem in Quebec and Ontario was "huge" and of "epidemic proportions":

● (0945)

[English]

With contraband tobacco sales already a huge problem in Ontario and Quebec, more and more of it is being seen in western Canada.

It's an epidemic back east.

[Translation]

There is no mention of the decrease in contraband.

This type of statement is not surprising, in light of the impression created by the evasive answers given by Mr. Rouillard, the francophone spokesperson for the National Coalition Against Contraband Tobacco, or the NCACT, to the members of the Senate Committee last May, when he was asked what proportion of the NCACT's budget came from tobacco manufacturers. After an inquiry we made last month, we found out that the members of the senate committee still had not received an answer, although they had been promised they would get one.

I would like to draw your attention to the exchange between Honourable Senators Cordy and Fraser and the spokesperson for the NCACT. In that exchange, it was revealed that a public relations firm hired that spokesperson and that it also developed the campaigns of the so-called coalition. Those exchanges are contained on page 7 of our brief.

In the middle of the intervention, following a question by Ms. Cordy, Mr. Rouillard said this:

[English]

The members of the coalition contribute to a kitty. They created a coalition and they appointed me, through a public affairs company, to be their spokesperson and to stand up for the coalition's interests. That is my role. I do not meet directly with these people. We propose public awareness campaigns and we appeal to parliamentarians and governments to help fight contraband and make the public aware of the negative impacts of contraband. That is the type of work we do.

[Translation]

Then the senator said:

[English]

"What is your total budget and what portion of this budget comes from the tobacco industry?" He replied that he did not have the information.

She then asked if he would be able to get them that information, and he said, "Yes".

[Translation]

I am wondering why you have not invited this public relations firm or the financial backers of this coalition.

Groups are constantly sounding the alarm with regard to contraband, especially with reference to the closing of convenience stores. Page 8 of my brief shows an excerpt from a report by the Canadian Convenience Stores Association showing that the number of convenience stores has remained stable in recent years. Those are the association's own figures.

We support Bill C-10. It is an additional tool in the toolkit available to the police, and it should be reserved to fight major tobacco traffickers. It should be noted that this government has never arrested any executive of the tobacco companies involved in the contraband crisis of the 1990s. No executive involved in this major crisis ever went to prison.

Selling tobacco to minors is punishable by fines, not prison sentences, and will not lead to a criminal record. Each year, 15% of Canadian retailers sell tobacco to minors.

At the height of the contraband crisis, around 2008-2009, legal products were the most popular among young people. Young people prefer legally recognized brands. It's not very cool to be seen with a Ziploc bag or an unknown brand.

Bill C-10 is a good start, but a number of other promising measures have been shelved. The federal government should be more focused on the introduction of game-changing, developmental measures that affect the supply at the source, for example by controlling raw materials such as tobacco leaf, something that Quebec has already done. The federal government has not done so and neither has it forced the other provinces to do the same. We must also ensure that cigarette manufacturers who operate without federal or provincial licences do not have ready access to cigarette papers and filters.

We are worried about the announcement of another possible move of the border post to the United States, to Massena, more specifically. Moving the Cornwall border crossing to the United States would be unwise. Should this unfortunate decision materialize, Canadian authorities should consider the establishment of a second border crossing at the current temporary border post located in Cornwall.

In almost all Canadian airports, passengers flying to the United States are often obliged to report to both Canadian customs and then to United States customs. In the same way, people coming into Canada through the Massena border crossing should also be required to go through a second border post, that is, in Cornwall. In addition, criteria could be established to ensure that shipments that are likely to contain contraband tobacco are targeted, thereby expediting the passage of other cargo.

In closing, it should be noted that tobacco kills 37,000 Canadians per year. Over 50% of young people in grades 9 to 12 having smoked tobacco in the past month have used flavoured tobacco products.

We await the reaction of the federal government to the real tobacco epidemic in Canada, which lures hundreds and thousands of young people into the trap of tobacco use each week.

Thank you.

• (0950)

[English]

**The Chair:** Thank you very much.

Our next presenter is from the other coalition, the National Coalition Against Contraband Tobacco, and Mr. Grant.

**Mr. Gary Grant (Spokesperson, National Coalition Against Contraband Tobacco):** Good morning, Mr. Chair.

Good morning, everybody.

I am Gary Grant, and I'm the national spokesperson for the National Coalition Against Contraband Tobacco, the NCACT.

I'm a thirty-nine-year veteran of the Toronto Police Service, and I'm also the founder and chair of Toronto Crime Stoppers. My involvement with Crime Stoppers also means that I'm one of the coalition's members.

The NCACT is a non-profit, non-partisan organization that works to make the public more aware of the problem of illegal cigarettes and contraband tobacco. The coalition is made up of 16 organizations from across Canada representing industry, business, and law enforcement. Beyond Toronto Crime Stoppers, these organizations include retail organizations such as the Canadian Convenience Stores Association and the Retail Council of Canada, chambers of commerce at the federal and provincial levels, and the Customs and Immigration Union. A full list is available on our website at [www.stopcontrabandtobacco.ca](http://www.stopcontrabandtobacco.ca).

I became involved in the coalition because the growing accessibility of illegal cigarettes is a serious problem in all communities across Canada, big and small. Whether it's along the St. Lawrence River, in southwestern Ontario, the rural areas of northern New Brunswick or the Gaspé, illegal cigarettes are flowing freely from the hands of criminals directly into the hands of Canadians.

In fact, it may surprise some members of the committee where we have seen busts in recent months. In Charlottetown in January of this year, police seized more than 100,000 contraband cigarettes. In February, a Moncton man was arrested near Edmunston, New Brunswick, with 200,000 illegal cigarettes and pills believed to be methamphetamines. In October two men from Magog, Quebec, were fined more than \$100,000 for smuggling tens of thousands of illegal cigarettes, and in western Canada, particularly Alberta and Manitoba, millions of cigarettes have been seized in raids over the past several years.

Just a few weeks ago Quebec newspaper *La Presse* highlighted the involvement of Hells Angels in the illegal cigarette trade in Montreal. It outlines the elaborate criminal distribution network these gangsters use to move, distribute, and sell cigarettes in Quebec. It also makes clear how the Hells Angels were being supplied by an illegal cigarette factory. The Hells Angels still have a major presence in Canada. This was reinforced through police raids in Gatineau last week, and they are being funded in part by illegal cigarettes. I brought copies of this *La Presse* article in English and French for members of the committee.

I think it's worthwhile to outline what we mean when we refer to contraband. It's any tobacco product that has not followed proper government regulations or properly paid federal and provincial tobacco taxes. Illegal cigarettes are often sold in transparent plastic baggies where 200 cigarettes can cost less than \$15. These are smuggled through criminal distribution networks across the country. They are all sold via hundreds of smoke shacks that are located near major Canadian cities. These smoke shacks have become more elaborate in recent years demonstrating just how profitable they are. However the product they sell still does not pay both federal and provincial taxes so it's still contraband tobacco.

Why should we be concerned about contraband tobacco? Well, as I've already suggested, it is a cash cow for organized crime. The RCMP has estimated there are about 175 criminal gangs that use the trade in illegal cigarettes to finance their other activities including guns, drugs, and human smuggling. We cannot tolerate some of the worst elements of Canadian society being allowed to effortlessly profit from this criminal activity.

Contraband tobacco is also a prime source for youth smoking. Criminals who sell illegal cigarettes don't care how old their customers are, and they certainly don't check for ID. Given the ridiculously cheap price of contraband cigarettes, these are readily accessible to our teenagers. Remember, a baggy of 200 illegal cigarettes can cost less than the price of a movie ticket.

Tobacco smuggling also has a negative impact on good government. It makes a mockery of tobacco control efforts. If bags of cigarettes can be bought from dealers on street corners easily, all of our efforts to restrict youth access are undermined. Similarly, governments in Canada lose an estimated \$2.1 billion a year in tax revenue as a result of tobacco smuggling. That's a lot of money that could be better spent in the government treasuries such as on roads, police, and health. It's money that belongs to the Canadian taxpayers.

The National Coalition was very happy to see this legislation reintroduced as quickly as it was. It is an important step in the fight against contraband tobacco, and a reminder that this issue remains a significant and growing problem in Canada.

• (0955)

There are still 50 illegal cigarette factories operating in this country. There are more than 300 smoke shacks. In Ontario some are even now operating off reserve. Meanwhile, organized crime benefits from the proceeds of contraband tobacco. Government tobacco control regulations, especially those focused on youth, are undermined.

The bill shows that the government is listening to the appeals of the public, law enforcement, the provinces, and retailers with regard to illegal cigarettes. The government's announcement earlier this year that a special task force of 50 RCMP officers will be deployed to deal with tobacco smuggling is most welcome. But more remains to be done; government action can't stop here. Remember, contraband arrests represent only the tip of the iceberg of the larger problem. The RCMP estimates that they capture as little as 5% of the total trade.

There are a number of things that the government can do.

Contraband tobacco is an issue that reaches across political and jurisdictional boundaries. The organized crime groups that benefit from contraband cigarettes operate without any regard for political, departmental, or territorial boundaries. We should work together. Smugglers do not stop at provincial borders. They benefit every time the different levels of government fail to work together to stop tobacco smuggling. All levels of government will also need to remain diligent and continue to monitor and act on this problem. With so much money involved, criminals are bound to innovate and we must be ready to respond.

To conclude, the NCACT is very pleased to see that the government is taking this issue seriously. We are confident that this legislation will make a difference.

Thank you for your time.

**The Chair:** Thank you very much, sir, for that presentation.

Our next and final presentation is from the Ontario Korean Businessmen's Association.

Mr. Cha, the floor is yours. You have 10 minutes, sir.

**Mr. Don Cha (General Manager, Ontario Korean Businessmen's Association):** Good morning, Mr. Chair and members of the committee.

My name is Don Cha. I am the general manager of the Ontario Korean Businessmen's Association, also known as OKBA.

On behalf of our entire 1,500-plus members, I would like to thank you for the opportunity to speak to you today on Bill C-10, and more specifically on how the problem of contraband tobacco impacts our members' businesses and livelihoods. It is a very important issue to our membership.

The OKBA was originally established in 1973 as a not-for-profit association for independent convenience store owners throughout the province of Ontario. Our typical member operates a store that is a family-run business. It employs three or four people, and the store is usually open seven days a week, 14 hours a day.

In many cases our store owners, most of whom are immigrants to Canada, choose to invest their life savings to operate their own businesses and provide a better future for themselves and their families. Undoubtedly, you all have independent convenience stores operating in your ridings, and for those of you representing ridings in Ontario, many of those stores are owned and operated by members of the Korean community.

Our members work hard. We play by the rules and we respect and appreciate the laws that Canada has in place to protect society from criminals and the crimes they commit.

Contraband tobacco has been an ongoing problem that has critically impacted the livelihood of many of our store owners over the last several years. Since 2006 we have seen approximately 700 of our members' stores close, probably due to the easy access to and cheap price of unregulated and illegal tobacco.

We know that contraband tobacco exists and it is available in just about every community across the province and increasingly across

Canada. Where contraband is present and readily available, our members have experienced up to a 50% drop in gross sales for their stores.

In addition to lost tobacco sales, less food traffic results, and fewer purchases overall, as those lost customers are no longer entering our stores to pick up their bags of milk, loaves of bread, or chocolate bars for their families.

While the smoking level has been steadily and slowly declining over the years, our members have diversified the range of products and services they sell to stay afloat. However, when our members play by the rules, collect and remit all necessary taxes, and ensure that minors are not purchasing tobacco, we lose hope when we see contraband being sold openly in our communities, right in front of our stores, seemingly with impunity. Something must change.

We applaud the government's decision to introduce Bill C-10 and its proposed amendments to the Criminal Code as it relates to trafficking contraband tobacco. We believe that up until now there has not been enough public deterrence against the many criminal groups that participate in this illegal trade.

In addition, smokers need to realize that purchasing and consuming even small quantities of unregulated and unlicensed tobacco is illegal. Contraband tobacco is not a victimless crime. Contraband trafficking presents a serious threat to our businesses, results in a sizeable loss of tax revenue to government, and provides minors with easy access to unregulated and illegal tobacco products.

● (1000)

We realize that dealing with the problem of contraband tobacco is not easy, and that it requires cooperation between the various levels of government and law enforcement. However, we hope that with the passing of this legislation and, more importantly, the additional resources for law enforcement, the fight against contraband tobacco can be won.

The OKBA and its membership have become increasingly politically active on the issue of contraband tobacco. We look to support good government policy that, first and foremost, recognizes the threat contraband tobacco has on our society, and secondly, enhances the tools and resources that our law enforcement and our courts have to fight the problem and do what's right for Canada.

Thank you for your time and interest.

**The Chair:** Thank you, sir, for that presentation.

That concludes our presentations.

Our first questioner for the first round is Madame Boivin from the New Democratic Party.

We have three panellists, so perhaps members could identify who they're directing their questions to.

● (1005)

[*Translation*]

**Ms. Françoise Boivin:** I would like to thank the witnesses for being here this morning.

The issue of contraband tobacco is a very complex one. The bill is one thing, but the entire problem of tobacco smuggling is another.

I found one thing fascinating in your presentations, especially those of Ms. Doucas and Mr. Grant. Both of your organizations are called coalitions, but if I understand correctly, you don't exactly have the same interests in this regard. Let's just say that I would not invite both of you to supper at the same time, unless I wanted a bit of excitement.

Mr. Grant, I'm trying to understand something about the people who are part of your coalition.

[English]

Am I correct in assuming that you have in your coalition a lot of the industry that produces the tobacco, that sells the legal tobacco?

**Mr. Gary Grant:** Madam, the 16 members are pretty broad-spectrum. We do have the Canadian tobacco manufacturing council and the Canadian association—

**Ms. Françoise Boivin:** Okay. I'm just trying to reconcile both—

**Mr. Gary Grant:** We also have the border guards—

**Ms. Françoise Boivin:** It's not a reproach.

**Mr. Gary Grant:** No, no, I realize that. It is part and parcel of our coalition, and it's a broad-based coalition.

[Translation]

**Ms. Françoise Boivin:** That's right.

So, if I understand correctly, your coalition's main purpose is to prevent tobacco smuggling to allow those who sell tobacco legally to do so properly.

And if I understand you correctly, Ms. Doucas, you would prefer that the tobacco industry not exist at all, if I can say so.

**Ms. Flory Doucas:** Yes, that would be my personal preference. I also think that we would be better off both ethically and economically.

**Ms. Françoise Boivin:** You are speaking to a former smoker. I can say publicly how difficult it was for me to overcome this dependence. You are talking to someone who consumed Nicorette products for 14 years and who has just recently stopped doing so. If I sound aggressive sometimes, it is because I am still trying to quit. All that to say that I understand very well.

We must be logical. We live in a world that is slightly hypocritical. Indeed, all of us around this table recognize that this product kills. At the same time, we benefit from it economically, especially thanks to taxes. We cannot criticize other people for our system and our laws in this regard, that is true.

Something in your brief struck me. It makes us see the headlines differently. Last Thursday, an article on the Radio-Canada website was entitled: *One out of every five cigarettes in New Brunswick is contraband*. I think that this will interest my friend Robert Goguen. I read the article, I was shocked and then I remembered that we were about to begin the study of Bill C-10. I thought that it was going to be interesting to study it and that people would try and prove that contraband is a terrible thing.

In any case, things are not going well in New Brunswick. I made the connection between that article and your brief. The article says

that in March, the provincial government had increased taxes on tobacco products in order to try to replenish its coffers.

If I understand correctly, you are telling us that there is not as much contraband as the headlines would have us believe. Every time governments raise taxes to generate more revenue—because that is a real cash cow—Mr. Grant's coalition sounds the alarm. They say be careful, contraband is a serious matter, and so forth, whereas all associations benefit from the sale of tobacco. Have I understood your basic message? You are telling us that contraband is not as serious as we think.

**Mrs. Flory Doucas:** Obviously, we all agree that even one percent of contraband is one percent too much. No one is against virtue and no one is opposed to the fight against contraband.

Currently, the outcry is getting louder and louder each time there is an initiative seeking to reduce tobacco use. And yet tobacco use affects everyone, including young people and seniors. When we talk about regulation or a tax hike, the argument concerning contraband is always put forward.

As recently as 2010, the current government decided not to make warnings on packaging more visible, claiming that it would crack down on tobacco smuggling instead. It was only thanks to the work of health groups that people were made to understand that the two are not mutually exclusive.

• (1010)

**Ms. Françoise Boivin:** I am going to wrap up, because my time is fast running out.

[English]

Mr. Don Cha, I think you said probably the most important thing. Everything was important, but you said we needed more policing on the ground. This law might be very interesting, but if we don't put the boots on the ground, not much will be happening, because nobody will come in front of the courts to be accused of contraband. So I appreciated that comment tremendously.

**The Chair:** Thank you very much. Thank you for those questions.

Our next questioner is Monsieur Goguen from the Conservative Party.

[Translation]

**Mr. Robert Goguen (Moncton—Riverview—Dieppe, CPC):** Thank you, Mr. Chair.

[English]

Thank you very much for appearing here today and providing your perspective.

Mr. Grant, I wonder if you could tell us about the positive effects that this bill would have on public health. There's a lot of concern about the substances found in illegal cigarettes, and they don't quite match what the consumer thinks. Trevor Bhupsingh of Public Safety said that the substances in these cigarettes are even more dangerous than those that are legally sold. Do you have any thoughts on that?

**Mr. Gary Grant:** We don't have a position on that. We have seen the RCMP lab results of the contraband cigarettes. They're not pretty. Nobody wants to compare cigarettes with cigarettes, because they're all bad. So we don't have a position on that.

**Mr. Robert Goguen:** Would any of the other panellists want to comment on that?

**Mr. Gary Grant:** Sorry, I was going to follow up on that. There was a recent study where the Centre for Addiction and Mental Health indicated that, while teen smoking rates at one time were on the decline in Ontario, they are no longer on the decline. What they have found through their studies is that, if teens are smoking now, they're smoking more contraband. If they're smoking more contraband cigarettes, they're smoking more of them because they're (a) ridiculously cheap, and (b) cheaply made, or improperly made, as far as government regulations are concerned. I'm a non-smoker, so I don't know the difference. But apparently they burn down faster, so they are quickly done and they're sold in amounts of 200. There is an indicator that could be detrimental to our young people's health.

**Mr. Robert Goguen:** The price point is more important than what they're smoking.

**The Chair:** Does anybody else have anything?

Madam Doucas.

**Ms. Flory Doucas:** I'd like to remind everyone of something.

[*Translation*]

On page 13 of the brief, we report the findings of Health Canada, which studied the level of toxicity of contraband cigarettes versus legal cigarettes. The findings show that the risks are comparable. Certain retailers have conducted campaigns where posters were put up showing that contraband cigarettes could contain rat excrement, pesticides and all kinds of other stuff. The fact is that almost anything can go into manufactured cigarettes. It's not for nothing that they are lethal. The risks are very similar.

As concerns young people, I might remind you that British American Tobacco indicated in a document that its campaign against contraband tobacco is likely to curb tax hikes and ensure that there is no new regulation. We are told that its work will target four aspects: crime, young people, the closure of convenience stores, and loss of government revenue.

As concerns young people, certain figures have been distorted. The study by the CAMH, which has been mentioned here, shows that 43% of young people in secondary school in Ontario smoke contraband cigarettes. But the authors themselves say that this was a very small sample, that barely 2,000 students were polled and that, of this number, fewer than 200 of them smoked daily. The Statistics Canada study that I just mentioned to you, that is the Youth Smoking Survey, was conducted on 9,000 students in Ontario, and shows that recognized brands of cigarettes are the most popular.

**Mr. Robert Goguen:** Thank you.

[*English*]

Just to pick up on what Mr. Grant was saying, we have studies showing that in 2007, 2008, and 2009, about 40% of the cigarettes found in Quebec schools were contraband. That certainly substantiates your point on that.

We had Madame Boivin tell us that boots on the ground are a big part of the solution to this dilemma, or certainly a part of it, and of course we've put in an initiative to get 50 RCMP officers designated to the task of the federal tobacco control strategy. Do you feel this

will help, along with educating youth as to the noxious effects of tobacco? Will this somehow deal with this dilemma?

• (1015)

**Mr. Gary Grant:** Well, in dealing with education, I would like to remind members of the government that some time ago the promise was made to undertake a massive public education campaign. We'd like to promote that again.

I think the boots on the ground will be very well utilized. I've been on tours around Ontario and other places. I know that the RCMP are spread pretty thin in some areas, and they've always told me that they could certainly use the help. The task force could use the help in the epicentre area of the production of contraband.

I think the important thing in the bill to me, as a former police officer, is that rather than being treated as a tax law, which it has been for so long—it's just fine after fine, which people who are making millions and millions of dollars can afford to pay—the fact that we're zeroing in possibly on organized crime legislation, and at least the Criminal Code with minimum sentences, is more than welcome.

**The Chair:** Thank you very much.

Our next questioner is from the Liberal Party.

Mr. McKay.

**Hon. John McKay:** Thank you, Chair.

My first question is for Ms. Doucas.

Senators Cordy and Fraser seem to be very concerned about the coalition of Mr. Grant's group here. Why is that an important question?

**Ms. Flory Doucas:** There are two fronts to that.

When a group purports to be caring about kids and uses that argument, saying that this should be the priority for government—to reduce tobacco—and, indeed, when we hear retailers saying that smoking rates are not in decline among youth because of contraband, well, one has to dig a little deeper, really.

Then what we see is that flavoured products were not counted in the butt studies that come from retailers at some point or another. They weren't found on the contraband market at that point and were more popular than cigarettes when the butt studies were done. They're sold exclusively on the legal market at this point. They have been playing an important role in the initiation of smoking in youth. Also, in terms of the brand products, we see how popular they are among kids.

So when the retailer associations and the coalition that was founded by the Canadian Convenience Stores Association say they care about kids and are telling government to concentrate on contraband, to make it their priority, that it's where they need to go, what they're really telling us and what they're really signalling is, "Don't touch the legal market." Who benefits from that? Well, it's legal manufacturing. So that's—

**Hon. John McKay:** Was there ever an answer to the question about the information about the organization, about what the contribution was on the part of the industry?

**Ms. Flory Doucas:** To our knowledge, no. We've asked the clerk and we've asked one of the senators, and they didn't receive an answer.

**Hon. John McKay:** Okay.

Mr. Grant, what do you say to Ms. Doucas' accusation that your group is somewhat compromised?

**Mr. Gary Grant:** Well, I disagree. The coalition is funded by its members. The members are widely spread across the spectrum.

In my view, we're talking about a bill that's going to deal with the criminal activity. I'm a non-smoker. I discourage smoking and I think smoking should be eliminated, but in my view as a police officer, I can recognize the difference between a legal and a regulated enterprise and a criminal enterprise. In my—

**Hon. John McKay:** But you have to say that he who pays the piper calls the tune—

**Mr. Gary Grant:** Yes, well, in my view, the funding of the committee, in a sense.... We're here to talk about the crime, and the goal of the coalition...and I wouldn't be involved with it if it were to sell legal cigarettes. My mission, as a former police officer and a father of four, and the coalition's mission, is to raise awareness of the negative impact of the contraband trade on all Canadians. We're victimizing the Canadian taxpayers, hard-working retailers, as we've heard here, and, most significantly, our young people. They're being victimized by organized crime.

**Hon. John McKay:** Being a police officer, you've probably been in court. You know that not all witnesses are treated equally and not all witnesses—how should we say it?—come with entirely clean hands. So are you able to answer Senator Fraser's question, which is what's your budget and what portion of it comes from the tobacco industry?

**Mr. Gary Grant:** I'm not able to answer that. What I can tell you —

**Hon. John McKay:** Do you know when you'll be able to answer that?

**Mr. Gary Grant:** What I will tell you is that the coalition is funded by its members, as I said, but it's on the public record.

• (1020)

**Hon. John McKay:** I understand that, but do you know when you'll be able to answer that question?

**Mr. Gary Grant:** No, I do not. I'm not involved in the—

**Hon. John McKay:** Don't you think you could do it in a day or two?

**Mr. Gary Grant:** I'm not involved. I'd have to talk to the coalition because I'm a paid spokesperson—

**Hon. John McKay:** Why would that be difficult?

**Mr. Gary Grant:** I don't know.

**Hon. John McKay:** Neither do I. I would have thought that your coalition would know quite easily what its budget is and what this contribution....

So if we could get an undertaking, Chair, from the witness, I'll leave it there.

I know you to be an honourable man, and I'm sure you could answer that question if that information is—

**Mr. Gary Grant:** I would just add that the funding is on the public record and on file with the Ontario lobbyists registry.

**Hon. John McKay:** Then it is a public document and the disaggregation would be relatively easy.

I'll just take note of that.

Thank you, Chair.

Finally, my question is for Mr. Cha. You are generally supportive of this bill.

**Mr. Don Cha:** Yes, sir.

**Hon. John McKay:** Who knows if it's going to be effective or whether it isn't. How is this bill actually going to impact the folks selling contraband cigarettes outside of one of your members' stores and actually have a real and measurable impact on that? How's that going to work?

**Mr. Don Cha:** Let me put it this way. Right now the people do not know that buying the contraband tobacco helps crime and is illegal. It's illegal, but I don't think the general public knows that.

So if it's put in the Criminal Code, the general public—people who aren't involved in government, people who aren't involved in this—will know it's a criminal offence. They will think twice before they get involved in trafficking.

**The Chair:** That's your time. I'm sorry. Thank you very much for those questions and answers.

Our next questioner, from the Conservative Party is Mr. Dechert.

**Mr. Bob Dechert:** Thank you, Mr. Chair.

Thank you to each of our panellists for being here this morning.

I have to say that when I first heard about the issue of contraband tobacco, given that I'm from a place like Mississauga, a very urban city and part of the greater Toronto area, at least 100 kilometres away from the nearest smoke shack, it didn't seem like an issue that impacted much on my community. But I had a meeting with some constituents of mine one day who came to see me and told me that they had gone to the area around the Erindale Secondary School in my riding, and had picked up hundreds of cigarette butts. They had done the analysis and showed that a huge percentage of them were actually contraband tobacco cigarettes.

Of course, we all are very concerned about young people getting started on tobacco and becoming addicted to nicotine and the health effects of that, and we spend a lot of time, as a government and as a society, trying to convince young people not to have that first cigarette, not to start down that path. I have lots of friends who, like Madam Boivin, have struggled with kicking the habit. It is so difficult once you have started, especially when you start young.

A couple of summers ago, I was in a convenience store in Mississauga and I just happened to notice a truck pull up with a number of young people who were working on some kind of landscaping crew. Some of them went into the sandwich shop next door, and one young man came into the convenience store. I didn't know the owner, and he didn't know me. I just happened to be in there as a shopper, and I noticed the young fellow, who could have been 15 or 17. He walked up to the counter and asked to buy some cigarettes. The convenience store owner, to his credit, asked him for identification, and the young fellow was obviously surprised that he was being asked for ID and made some excuse about how he didn't have his ID with him. To the credit of the convenience store owner, he didn't sell him the tobacco product.

I'm not saying it happens that way in every circumstance, but that is one line of defence against getting young people started. That's something that the vendors of contraband tobacco are not doing. They already know they're doing something illegal, so they're not asking young people if they are old enough to be taking that first smoke.

I have to say I was impressed by that.

I want to address my questions primarily to Mr. Don Cha and Mr. Grant about, first of all, the health impact of these illegal cigarettes on young people and the ease of accessibility.

Also, you said something, Mr. Don Cha, that I thought was very interesting. You talked about your store owner members being the kind of people who work hard and play by the rules. They see others doing something obviously illegal and not paying a penalty for that, and it diminishes your owners' faith in the justice system.

A lot of our justice legislation is trying to restore people's faith in the Canadian justice system. When we see people getting away with offences and not paying a penalty, not being brought to justice, how does that make your store owners feel?

Maybe I could start with you, and then we'll go to Mr. Grant.

•(1025)

**Mr. Don Cha:** How does it make our store owners...?

**Mr. Bob Dechert:** How does it make the store owners feel about the Canadian justice system when they see these illegal cigarettes being sold near their shops?

**Mr. Don Cha:** All we sell are legal products. We pay the taxes and we do everything by the law, whatever that permits. We are providing services to the community.

For legal tobacco, especially legal tobacco, because we are doing such a good job, and we are trying to be responsible retailers, we are educating our members to not sell to minors. If anybody looks under 25, we ask questions first. That's what we publish and we tell them.

They're doing such a good job that minors are turning around and going into the illegal market where nobody asks any questions. We sell regulated products, which means they are under the scrutiny of government regulations and health regulations. Illegal tobaccos are not. Somebody was asking if something was feasible, was possible, was right. We do not know. We don't have an answer. It could pose a much bigger health threat and it costs much more money to the government as well.

That being said, because we are selling legal products we make a profit from them and that's how we float our business. It's just like any other business: if you do not have a cash flow the business goes under. That's why we try to diversify and sell flowers in the summer to make ends meet.

When the customer comes in with illegal products in their purse and we see that we start getting mad. Why are they doing this? We are selling legal products. Why are my regular customers coming into the store with illegal products in their pockets? I feel sorry because they are not buying the products anymore because they are buying cheaper.

We have a newsletter going out twice a month. We send out a pricing comparison for smoke shops. They start at \$9 and go up to \$32 maximum. The government tax is over \$45 right there.

**Mr. Bob Dechert:** Thank you.

May I ask something else?

**The Chair:** Your time is way over, Mr. Dechert. If you can put your questions before your comments it would be helpful, because it's all the same time.

Our next questioner is from the New Democratic Party, Mr. Jacob.

[*Translation*]

**Mr. Pierre Jacob (Brome—Missisquoi, NDP):** Thank you, Mr. Chair.

Thank you to the witnesses for being here with us this morning.

I would like each of you to tell me who your financial backer is, that is, who pays you to represent your organization.

Let us start with Ms. Doucas.

**Mrs. Flory Doucas:** Our coalition is an initiative of the Public Health Association of Quebec. It is funded in its entirety by this association. It receives funding from the Quebec Department of Health, Public Health Branches, and its members.

•(1030)

**Mr. Pierre Jacob:** Thank you, Ms. Doucas.

What about you, Mr. Cha?

[*English*]

**Mr. Don Cha:** Yes, sir. It's our suppliers and our members. We get the rebate plus. Because we do group buying, we have an extra rebate coming through to our office. That's how we operate it.

Did I answer your question, sir?

**A voice:** He's listening to the translation.

[*Translation*]

**Mr. Pierre Jacob:** Okay.

And what about you, Mr. Grant?

[English]

**Mr. Gary Grant:** The coalition is funded by its members of which there are 16. It's on the public record and on file with the Ontario lobbyists registry. Our list of members is available on our website.

[Translation]

**Mr. Pierre Jacob:** Who actually pays you? Are there 300 members?

[English]

**Mr. Gary Grant:** There are 16 members.

**Mr. Pierre Jacob:** There are 16 members.

[Translation]

Very well. As you suggest, I will check who these members are.

Ms. Doucas, do you believe that Bill C-10 will reduce tobacco use?

**Mrs. Flory Doucas:** That is an excellent question. Bill C-10 can definitely reduce contraband by providing other tools to police forces, especially when they are fighting organized crime. It will also be useful for them when it comes to dealing with reoffenders and when they have to deal with armed persons, violence, and so forth. In that sense, yes.

However, as concerns reducing the rates of tobacco use, it is indisputable. There are documents about this. Products that initiate people to tobacco use in Canada are flavoured tobacco products and cigarillos. There is a good reason why the study of butts in Ontario and Quebec did not include cigarillos. It is because they wanted to put aside data on legal products and focus on illegal products.

I don't think that we are going to get anywhere unless the government tackles flavoured tobacco products, whether it be shisha, menthol cigarettes or strawberry-flavoured and chocolate-flavoured cigarillos. These products are technically not covered by the definition of cigarillo. The manufacturers have managed to circumvent the regulations.

Now, we have to look at the products, as is done elsewhere in the world where neutral packaging has been adopted, among other things. This is what we will have to do if we really want to reduce the rates of tobacco use in Canada.

**Mr. Pierre Jacob:** Thank you, Ms. Doucas.

My next question goes to Mr. Cha and Mr. Grant.

From what I understood from your briefs, you do not deal with contraband of electronic cigarettes. And yet, these products are banned in Canada but sold on the Internet in the United States. Recently, on the radio or on TV, I heard renowned physicians say that electronic cigarettes were less harmful for people's health and that they even reduced the rates of the scourge of tobacco addiction.

Why have you not tackled the scourge of contraband electronic cigarettes?

[English]

**Mr. Gary Grant:** I do not have enough knowledge to make a comment on electronic cigarettes—a few newspaper articles, a few website articles. I don't have a position on it. It's certainly something

that should be studied. I think there will have to be a position on it eventually if it becomes more widespread.

**Mr. Don Cha:** The market is getting bigger and your question is that if they smoke e-cigarettes will it reduce the health problems? Is that one of the questions?

[Translation]

**Mr. Pierre Jacob:** I wanted to know why you have not made the issue of contraband electronic cigarettes sold over the Internet one of your priorities.

[English]

**Mr. Don Cha:** I do not think the government has a clear position on the e-cigarette yet. So I have no comment on that.

**The Chair:** Thank you, Mr. Jacob, that's your time.

Our next questioner is from the Conservative Party, Mr. Calkins.

**Mr. Blaine Calkins (Wetaskiwin, CPC):** Thank you, Mr. Chair, and good morning to our witnesses.

The first thing I would like to do is pursue a line of questioning with Mr. Grant in regard to the links. As a former police officer, a very experienced police officer, you must know very well the links between organized crime and contraband tobacco.

• (1035)

**Mr. Gary Grant:** Yes.

**Mr. Blaine Calkins:** Please highlight that for this committee and tell us what the effect of adding this legislation to the arsenal of the Criminal Code would do for the ability of police officers and the crown to get convictions.

I'll follow up with a supplemental if I think I know where you're going with this.

**Mr. Gary Grant:** Thank you, sir.

The fact that organized crime has become so intrinsically involved with this really raises red flags in the policing community and should raise red flags everywhere. By and large, I think it's because they saw that it's a huge profit-maker and, at the time, that it was relatively low risk, in the sense that huge shipments could be seized and there would be huge penalties to be paid, for sure, but ones that were just a fraction of what they were making.

There was really not much incentive for them to stop doing it because the cash flow was so great. Then we know for a fact from talking to the RCMP and from my own experience with policing that they reinvest that money into other criminal activities, such as gun-running and drugs, and there have been even some examples of human smuggling.

The fact is that the government is taking a look ahead and looking at things in a harsher manner, with more procedures by indictment, maybe dual offences, but at least indictable offences, with real, meaningful penalties, maybe including seizure of property and what not. In particular, looking at it as an organized crime activity would give them pause and may be able to slow them down. Moreover, law enforcement would have a lot more in their arsenal to fight the problem as opposed to just imposing a revenue fine.

**Mr. Blaine Calkins:** I wanted to just get your comments on the task force. We've noticed in the research that's provided to us by the Library of Parliament that the amount of contraband appears to be on the decline and the amount of legally grown tobacco actually seems to be increasing, particularly in Ontario as export markets open up.

I'm just wondering if you can talk a little bit about that task force.

Then I have a question for both of you, Mr. Cha and Mr. Grant. You both talked about punitive penalties and their punitive nature being a deterrent. I've heard that word "deterrent". I'm wondering if you think that the changes being proposed here are deterrent enough, or will they simply be seen as a cost of doing business by organized crime?

**Mr. Gary Grant:** I can answer that first.

First of all, there would certainly be a specific deterrent to the actual people who have been arrested, charged, and hopefully convicted and receiving sanctions. Since there are 175 gangs involved, I would suspect that a lot of those gangs are quite small. People who think this is so lucrative will just put a little organization together, a little network, and get in on the cash cow. If they see significant penalties being levied, that will not just be a specific deterrent but a general deterrent for everybody to look at and say, "Well, the cops and the government are getting serious about this now. It won't be a fine. It won't be a slap on the wrist. We could do some serious time here or have a really significant record." And maybe they'll think twice about getting involved. I do believe there would be a deterrent effect.

I forgot the first part of your question.

**Mr. Blaine Calkins:** I was going to ask you about the task force and the effect of that task force on the RCMP. I think this legislation also broadens the amount of police investigators in the country who have jurisdiction to pursue contraband, because it now becomes a Criminal Code offence. It broadens the number of police officers who can get involved in laying these charges.

**Mr. Gary Grant:** Exactly. I think the task force would be a most welcome thing, not only because they're boots on the street, but because they can also provide mentoring, if you will, to the other organizations of provincial police forces and municipal police forces. They will now be able to get involved in these investigations, whereas previously it was just the federal police or provincial revenue officers who could. The province have seen fit to give powers to provincial police officers and municipal police officers to stop, detain, and investigate now. The RCMP task force would certainly be a great resource for that.

**Mr. Blaine Calkins:** My last question is for Ms. Doucas and Mr. Grant. You both mentioned in your presentations that this legislation is a good step, which indicates to me that you have other ideas that the government would need to follow subsequent to this bill being passed, should it get the support of enough members of Parliament.

Mr. Grant and Ms. Doucas, what respectively would you say would be the subsequent steps needed?

• (1040)

**Mr. Gary Grant:** Very quickly, I would like to see continued attention paid to the problem, particularly in regard to intergovernmental and interdepartmental consultations, including first nations

people, to try to come to a conclusion and arrest this organized crime problem. Let's face it, there are a lot of people living on those first nations who are being intimidated on their own lands.

**Ms. Flory Doucas:** I'll just add that I think that Quebec has done outstanding work on this front. Contraband went from 35% of the market to 15%—and that being done through various controls on raw materials and machinery. You need licensing before you even sow your tobacco. There's a manifest that each farmer needs to fill out saying who it will be sold to and who's going to be shipping it.

**Mr. Blaine Calkins:** Do you know why Ontario isn't doing this? Because 95% of it is in Ontario, 5% is in Quebec.

**The Chair:** You don't have any more time left.

I'll let you answer that one question, and then we'll move on.

**Ms. Flory Doucas:** There have been controls on the machinery that's used. When Imperial Tobacco closed its plant in Montreal, the machinery disappeared, and one wonders where that went. There are controls and licensing on the importing of machinery parts. That's certainly something that the federal government should be looking into, including all transport and import of raw materials, paper, and filters.

**The Chair:** Thank you very much.

Thank you for those questions and answers.

Our final questioner for this panel today is from the New Democratic Party, Mr. Kellway.

There may be bells in three minutes.

**Mr. Matthew Kellway:** Thank you, Mr. Chair.

Mr. Grant, given that you are a former police officer, and with respect to your comments in your opening statement and in response to subsequent questions, I was surprised to hear from Mr. Saint-Denis, the senior counsel for the department, in his testimony earlier about not just the lack, but the absence of consultation with police forces. You made a point, I think quite strenuously, about the necessity for cooperation and collaboration amongst the various parties, both federal and provincial, but also the engagement of police forces directly into solving these issues. I'm wondering what recommendations you have, not even necessarily specific to Bill C-10, around processes for cooperation and collaboration and for the introduction of new criminal provisions.

**Mr. Gary Grant:** I agree with you. In my time in policing I was always frustrated at the number of investigations that maybe weren't eliminated, but were compromised and hampered by the fact that people didn't consult with one another. The RCMP did their thing, Toronto did their thing, the OPP did their thing, and there wasn't any process of information-sharing in the beginning.

If that had been undertaken, just as we're suggesting now... I've even spoken to people in the federal government. Treasury Board hasn't really been on the same page as Justice, and it's the same way provincially. I just think there has to be some sort of multi-jurisdictional task force put together from the federal, provincial, and municipal levels, including maybe the Canadian Association of Chiefs of Police, and first nations people to sit down and try to come up with a coordinated response to this that will be effective and doable.

**Mr. Matthew Kellway:** It strikes me that it's not a simple task.

I read for Mr. Saint-Denis the synopsis of a press release from the Mohawk Council of Akwesasne. I'm reading between the lines—I don't have the text here in front of me—but they would seem to want to head in a different direction, and they're concerned about increased enforcement presence around their community.

How does one engage communities and their police forces in the introduction of laws like this when there are clearly differing perspectives on what the appropriate response to this problem is?

**Mr. Gary Grant:** For instance, if you don't want so much enforcement on your property, come to the table with us and see what we can talk about, if we can come up with some sort of solution together.

**Mr. Matthew Kellway:** On the enforcement issue specifically... and you know that we've run into each other on the lawns of the Toronto Hunt club and on the patio of the Balmy Beach Club before.

•(1045)

**Hon. John McKay:** You move in fancy circles.

**Some hon. members:** Oh, oh!

**Mr. Matthew Kellway:** I certainly do.

**The Chair:** It's who you know, I guess, eh Kellway?

**Mr. Matthew Kellway:** This is the life I live now. It's not quite as privileged as the Senate, but it's not bad.

I have provided no funds to the coalition. I want that on the record.

**Some hon. members:** Oh, oh!

**Mr. Matthew Kellway:** For Toronto Police Service, for example, it seems to me that now that this is enforceable, there's a burden on

the Toronto police to enforce it. What enforcement mechanisms would you like to see as part of the bill itself?

**Mr. Gary Grant:** The important mechanisms are there.

This bill deals mostly with the penalties, I would assume. We would like to be able to enforce the laws where officers would have a reasonable hope of seeing them carried through with a good prosecution, a good chance of a conviction, and a good chance of what we would feel is an appropriate sentence. I see all of this as good stuff.

I spoke to Chief Bill Blair not too long ago, and he said he was happy to see the new legislation in the province giving police officers more power to deal with the problem. We know there's a lot of other stuff going on in Toronto at the same time—but put it in with their major crime units to make a point. They'll seize cigarettes and find marijuana, cocaine, or weapons; and vice-versa, they'll execute a search warrant for cocaine, find a bunch of money and lo and behold, they'll find several cartons of cigarettes. It would be joint investigations. The fact they can now do it means that you will be able to see a lot more positive results from the policing viewpoint.

**The Chair:** Thank you very much.

Thank you for those questions and answers.

I want to thank our panel for joining us for this second hour. Your presentations will be very helpful in our discussions and deliberations on Bill C-10.

Thank you very much.

Yes, sir?

**Mr. Matthew Kellway:** Very briefly, Mr. Chair, when we had the minister before us, I asked him a question about the coverage of the aboriginal justice strategy. The department's website refers to 600 communities. The testimony referred to 800 communities, but they couldn't respond about the residual on the day. They promised to provide a response; it was supposed to be forthcoming.

**The Chair:** We have not got a response yet, but we can follow up on that.

**Mr. Matthew Kellway:** Yes.

**The Chair:** Thank you very much.

With that, we'll adjourn until Thursday.





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